

DEPARTMENT OF TRANSPORTATION

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February 11, 2005

Ms. Celia McAdam
Moderator
California's Regional Transportation Planning Associations (RTPA)
c/o Placer County Transportation Planning Agency
249 Nevada Street
Auburn, CA 95603

Dear Ms. McAdam:

On August 9, 2004, the Department sent the RTPAs a document titled "Implementing Agency Responsibilities for STIP Projects on State Highways." This updated an earlier version of October 14, 2003.

The Federal Highway Administration has recently expressed concerns about four deficiencies on State Highway projects. These are:

1. The resident engineer does not have a copy of the Federal "Detail Estimate."
2. The Federal project number does not appear on project records.
3. Project records are not being retained for the required period after construction.
4. Some projects have non-standard project funding identification signs.

I am attaching a revised "Implementing Agency" document that addresses these concerns. Please circulate it to the RTPAs.

Any questions about the document may be addressed to Mr. Nigel Blampied on my staff. His telephone number is 916-654-5395 and e-mail is nigel.blampied@dot.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard D. Land".

Richard D. Land
Chief Engineer

Attachment

Celia McAdam
February 11, 2005
Page 2

c: Will Kempton, Director
Randell Iwasaki, Chief Deputy Director
Diane Eidam, Executive Director, California Transportation Commission
Deputy Directors
District Directors
Division Chiefs
Deputy District Directors for Program and Project Management
Self Help Counties Coalition, 926 J Street, Ste. 911, Sacramento, CA 95814
Mr. George A. Dondero, II, California Transportation Commission Rural Counties Task
Force, c/o Calaveras Council of Governments, P.O. Box 280, San Andreas, CA 95249

**Implementing Agency Responsibilities for State
Transportation Improvement Program (STIP) projects on
State Highways
Revised February 11, 2005**

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Purpose of this Document

This document outlines the responsibilities of “Implementing Agencies” on *State Highway* projects funded from the *STIP*. “Implementing Agencies” are described in the “Background” below.

This document is not itself a manual, guide or regulation. It is an aid to Implementing Agencies to assist them to find the Federal Laws and Regulations, State Laws and

Regulations and Department of Transportation (“The Department”) Manuals and Guides that they will need to understand while carrying out their responsibilities.

The failure to mention any requirement of law, regulation or policy in this document does not excuse the Implementing Agency from its obligation to comply with that law, regulation or policy.

Background

Sponsors, Implementing Agencies and Project Components

Government Code 4529.11 provides that every STIP project shall have a “Sponsor”.

“...For projects programmed and funded as regional improvements, the sponsoring governmental entity shall be the regional or local project sponsor. For projects programmed and funded as interregional improvements, the sponsoring governmental entity shall be the State of California, unless there is a regional or local project sponsor, in which case the sponsoring governmental entity shall be the regional or local project sponsor...”

The Sponsor designates an “Implementing Agency” to be responsible for the successful completion of each project component. Government Code 14529 (b) lists the project components. There are four possible components:

- (1) Completion of all permits and environmental studies (referred to in the remainder of this document as “PA&ED” for “Project Approval and Environmental Document”)
- (2) Preparation of plans, specifications, and estimates (referred to in the remainder of this document as “PS&E”)
- (3) The acquisition of rights-of-way, including, but not limited to, support activities (referred to in the remainder of this document as “Right of Way”)
- (4) Construction and construction management and engineering, including surveys, inspection and materials testing (referred to in the remainder of this document as “Construction”)

It is possible that there could be a different Implementing Agency for each component of a project. To ensure clear lines of responsibility, only one agency can be the Implementing Agency for a single component.

Quality Assurance

The Implementing Agency is responsible for ensuring the adequacy of its products through a quality control and quality assurance procedure. On State Highway projects, the Department provides additional quality assurance to verify that the Implementing Agency’s procedures are adequate to ensure that completed components conform to established standards, policies, and practices. The Department must perform this quality

assurance as part of its responsibility for the planning, design, construction, maintenance, and operation of the state highway system (Government Code 14520.3 (b)).

Key Roles

Implementing Agency Project Manager

The Implementing Agency designates a person to be the Project Manager. The Project Manager is responsible for fulfilling the Agency's responsibilities for successfully completing the project component.

Department Project Manager

The Department's Deputy District Director for Program and Project Management designates the Department's Project Manager to manage the Department's effort on the project. The Department Project Manager assists and advises the Implementing Agency Project Manager and serves as the project ombudsman within the Department. If the Department is the Implementing Agency, this person takes on the role of both Implementing Agency Project Manager and Department Project Manager. .

Project Development Team (PDT)

The Implementing Agency Project Manager will assemble a Project Development Team (PDT) in accordance with Chapter 8, Section 4, of the Department's *Project Development Procedures Manual (PDPM)*. It is advisable to establish formal PDTs on all State Highway projects listed in the Regional Transportation Improvement Program (RTIP), even if they are not required by the *PDPM*. This will facilitate communication between the sponsoring regional or local agency, the Department and the Implementing Agency.

The Department Project Manager is always a member of the PDT. The Department Project Manager's role is to ensure that the Department's interests are represented and addressed adequately in the alternatives studied by the PDT. (The Department Manager role is the same whether or not the Department is the Implementing Agency.)

Department Oversight Engineer (OSE)

The Department's District Deputy of Construction designates a person who has responsibility for providing Quality Assurance – Oversight (Q/A) for construction projects, within the existing or future state right-of-way, (and the whole project for Federal-aid projects) whenever the Implementing Agency is someone other than the Department. The OSE's responsibilities are described in the *Oversight Engineer Field Guidelines* issued by the Department's Division of Construction.

Cooperative Agreement

A Cooperative Agreement is required when the Department is not the Implementing Agency. This agreement establishes the roles and responsibilities of the Department and the Implementing Agency and establishes a mechanism for transmitting the allocated STIP funds to the Implementing Agency.

The Cooperative Agreement must indicate the source of the match for Federal Funds (Does the STIP funding consist of a matched mix of State and Federal Funds, or is the STIP funding Federal-only with a Local Match, or does the STIP funding include some State-only funds to match non-STIP Federal Funds such as funds from the Congestion Mitigation and Air Quality Program, etc.?).

The standard Cooperative Agreement language allows an Implementing Agency to submit a project expenditure plan to the Department. This shows the estimated monthly expenditures for the component. If the Implementing Agency submits a plan, it may request from the Department an advance of the first two months' expenditures for PA&ED and PS&E and for the first month's expenditures for Right of Way and Construction. This advance is intended to address the Implementing Agency's cash-flow needs.

The Department provides quality assurance to verify that departmental standards, policies, and practices are followed. On STIP funded projects where the Department is not the Implementing Agency, the amounts to be withheld to fund quality assurance on each component shall be documented in the Cooperative Agreement.

If the Cooperative Agreement requires the Department to do work in addition to quality assurance, the amount withheld will be increased to cover the additional work.

The Department's Headquarters Division of Project Management will review the actual aggregate costs of quality assurance for STIP projects implemented by local agencies and will report those costs annually to the Regional Transportation Planning Agencies. The 10 percent amount withheld will be adjusted in future Cooperative Agreements if appropriate.

PA&ED

Withhold 10 percent of the total amount of funds allocated by the Commission for this component on STIP projects on the State Highway for quality assurance costs.

PS&E

Withhold 10 percent of the total amount of funds allocated by the Commission for this component on STIP projects on the State Highway for quality assurance costs.

Right of Way

Withhold 10 percent of the funds budgeted by the Implementing Agency for work by local agency staff from funds allocated by the Commission for this component on STIP projects on the State Highway. For guidance refer to the December 10, 2001, *Guidelines for Local Agency Involvement in Right of Way Acquisition and Delivery of Projects on the State Highway System*.

Construction Management and Engineering

Withhold 10 percent of the funds budgeted by the Implementing Agency for work by local agency staff or consultants from funds allocated by the Commission for this component on STIP projects on the State Highway for quality assurance costs.

Funding

Each STIP project requires a State “Allocation” of funds for each component. Each project component that has Federal-aid funding also requires a Federal “Authorization” to proceed. The State and Federal processes are independent of each other, although both begin with a request from the Implementing Agency (see Attachment A).

State “Allocation” of Funds

The Implementing Agency Project Manager shall verify that the STIP funds have been allocated for the project component.

If the Department is the Implementing Agency

The method of allocation varies by project component as follows:

- *PA&ED*: Allocated by the Legislature in one-year increments as part of the Department’s Capital Outlay Support budget.
- *PS&E*: Allocated by the Legislature in one-year increments as part of the Department’s Capital Outlay Support budget.
- *Right of Way*:
 - Funding for work by Department employees is allocated by the Legislature in one-year increments as part of the Department’s Capital Outlay Support budget.
 - Funding for Capital Outlay is allocated by the California Transportation Commission (“The Commission”) in one-year increments.
- *Construction*:
 - Funding for work by Department employees and consultants hired by the Department is allocated by the Legislature in one-year increments as part of the Department’s Capital Outlay Support budget.
 - Funding for Construction Capital Outlay is allocated by the Commission for the life of the component, subject to the “Timely Use of Funds” provisions in the Commission’s *STIP Guidelines*.

If the Department is not the Implementing Agency

Funding for each of the four components is allocated by the Commission for the life of the component, subject to the “Timely Use of Funds” provisions in the Commission’s *STIP Guidelines*. Attachment A is a sample allocation request.

If a project is partly On State Highway and partly Off State Highway, at the time of allocation the Implementing Agency can either ask for separate votes for the On and the Off State Highway portions, or for a single vote with two subsections.

Government Code 14529.17, often referred to as AB872,¹ allows a Local Agency to advance the delivery of a STIP project through the use of its own funds. The conditions for this advancement are described in Section 23.3.2 of the *Local Assistance Program Guidelines*. Attachment B is a sample notice of intent to use this provision.

Attachment C is a sample memorandum from the Department's District office to request an allocation of funds.

Federal "Authorization" to Proceed

Federal authorization must be received before work starts on any component for which Federal-aid funds will be requested. For Right of Way, Federal authorization is required prior to contacting the owner with an offer. Since parcel acquisitions take place at various times throughout the early life of a project, more than one Right of Way authorization is required. For Construction, Federal authorization is required prior to advertisement.

For Preliminary Engineering (PA&ED & PS&E), Right of Way and Construction, authorization is achieved through the processing of an E-76 (Authorization to Proceed). Separate E-76's are required for each of these three Federal phases of the project development.

PA&ED and PS&E (for projects with capital cost > \$1 million)

Prior to Federal authorization, the project Preliminary Engineering phase (PA&ED & PS&E) must be listed in an approved Federal STIP.

The Department has a "blanket" annual Federal Authorization to Proceed for Preliminary Engineering (PA&ED and PS&E) for State Highway projects listed in the Federal STIP. This authorization is called the Statewide Preliminary Engineering System (SPES). Therefore, a separate E-76 is not required for Preliminary Engineering.

The Department Project Manager will arrange for the District Budgets Office to masterfile the project expenditure authorizations (EAs) to SPES.

Right of Way

The Implementing Agency requests authorization of funds by completing Attachment A using its letterhead. The Department Project Manager will arrange with the District Right of Way Office to process a Federal E-76 Authorization to Proceed. There are limits on the State Highway right of way work for which a local agency may be the Implementing Agency. Refer to the December 10, 2001, *Guidelines for Local Agency Involvement in Right of Way Acquisition and Delivery of Projects on the State Highway System*.

¹ Chapter 572, Statutes on 1999

Construction

The Implementing Agency requests authorization of funds by submitting to the Department Project Manager:

- Attachment A on its letterhead
- The PS&E Certification letter from Chapter 12 of the *Local Assistance Procedures Manual*
- The PS&E Checklist from Chapter 12 of the *Local Assistance Procedures Manual* (Department Project Manager signs the PS&E Checklist, instead of the District Local Assistance Engineer.)
- Right of Way Certification (Exhibit 14-EX-3 in the *Right of Way Manual*) and applicable railroad agreements. If the Implementing Agency for Right of Way is different from the Implementing Agency for PS&E, the Implementing Agency for PS&E must obtain the Right of Way Certification from the Implementing Agency for Right of Way and include it in the PS&E package.
- Three sets of the plans, special provisions and preliminary estimate for the project.

If the Department is the Implementing Agency, the District submits the PS&E documents to the headquarters Office Engineer with the transmittal documents required by the Office Engineer under the provisions of its Ready-To-List and Construction Contract Award Guide (RTL Guide). These are equivalent, but not identical, to the four items listed above.

The Department and the Federal Highway Administration (FHWA) have a *Stewardship Agreement* that delegates much of the FHWA review to the Department. Under this agreement, projects are classified as either "Full Oversight" or "State Authorized." The Department's Office of Federal Resources assigns federal project numbers to federally funded projects, and upon receiving a classification from the FHWA, adds a suffix "N" or "E" to the project number. Full Oversight projects (suffix "N") are subject to the full review and oversight requirements of the FHWA. State Authorized projects (suffix "E") are exempt from the full review oversight requirements of the FHWA after federal NEPA approval. For Full Oversight projects the Department Project Manager arranges for the PS&E to be reviewed by the FHWA. The Department's "Ready-To-List" (RTL) guidance shall be followed, even if the Department is not the Implementing Agency.

The review steps are:

1. The Department Project Manager, or another person designated by the District Director, sends the FHWA Operations Engineer (FHWA Engineer) the plans, special provisions and engineer's estimate, PS&E certification letter, PS&E checklist, right of way and utility certification, applicable railroad agreements and a transmittal with a list of contacts and telephone numbers (similar to that in the Department's standard PS&E submittal letter - see the *RTL Guide*). The Department's headquarters and FHWA review PS&E concurrently for 30 days from receipt.
2. If a local agency is to advertise, award and administer a Full Oversight project, the Department shall request FHWA approval for that agency to do the work. FHWA approval must be received before the local agency advertises the project. For State

Authorized projects, Section 15.3 of the *Local Assistance Procedures Manual* applies.

3. The FHWA Engineer acknowledges receipt (electronically) and inputs date PS&E is received into FHWA's DIV APPS Project Tracking System
4. FHWA completes its project development form (PS&E checklist) and returns any comments (including no comments) to the Department Project Manager within 30 days of receipt via fax or hardcopy.
5. The Department Project Manager sends FHWA comments to the Implementing Agency Project Manager.
6. The Implementing Agency Project Manager resolves the FHWA and Caltrans headquarters comments. The Department Project Manager informs FHWA of any changes. FHWA evaluates and acknowledges this resolution of comments by returning the PS&E transmittal signed and dated.
7. The Department Project Manager works with the District Budgets Manager to prepare and submit the E-76 Authorization to Proceed to the Headquarters Office of Federal Resources.
8. The Department Project Manager notifies the Department's Office of Federal Resources that the project can now be funded since FHWA comments have been properly addressed. NOTE: A copy of the PS&E transmittal is furnished to the Department's Office of Federal Resources indicating FHWA comments resolved.
9. The Department's Office of Federal Resources prepares a Federal E-76 Authorization to Proceed and "preliminary" estimate with work codes and submits them to FHWA for approval (4 weeks allowed for FHWA to process).
10. FHWA reviews the E-76 and double-checks to make sure FHWA's PS&E comments have been resolved, (R/W and Utility Cert, RR agreements, identifying nonparticipating work, approved public interest findings (PIFs), etc.)
11. FHWA approves funding request (E-76) via FADS, notifies the Department's Office of Federal Resources that the project is Federally funded and that the project is Federally authorized to proceed so that the project can be advertised. The FHWA approval includes specific conditions. For Full Oversight projects, these will typically be those in Attachment D.
12. If PS&E comments still not addressed by Wednesday close of business prior to the scheduled Monday advertisement, Department Project Manager contacts the Department's Office of Federal Resources to pull the advertisement that Thursday.
13. The Implementing Agency advertises the contract and issues contract addenda in accordance with Section 15.4 of the *Local Assistance Procedures Manual*.. The Implementing Agency provides the Department's Project Manager with draft addenda. The Department Project Manager sends the FHWA Engineer "major" addenda, which require prior approval from the FHWA.
14. The Implementing Agency furnishes the Department Project Manager with a hardcopy of bid documents including a copy of the reduced set of plans; contract bond proposal and specifications. The Department Project Manager forwards this to the FHWA.

15. The Implementing Agency publicly opens bids and designates the lowest "responsive" bidder for award in accordance with Sections 15.5 and 15.6 of the *Local Assistance Procedures Manual*.
16. The Implementing Agency submits an Award Package to the Department Project Manager. Section 15.7 of the *Local Assistance Procedures Manual* lists the contents of this package. The Department Project Manager forwards the package to the FHWA. Good faith effort evaluation is submitted to Department's Division of Civil Rights for review. If the Department is Implementing Agency for Construction, the headquarters Office Engineer prepares the package and forwards it directly to the FHWA.
17. FHWA processes Concurrence in Award package. FHWA Engineer prepares a bid analysis; FHWA right of way staff approves upgraded right of way and utility certification form cert #3 or #3W to a #2 or #1 as applicable; and FHWA Civil Rights staff reviews and approves any DBE good faith effort. Ten working days are allowed for this process.
18. FHWA reviews package and Concurs in Award, if above items are adequately addressed. FHWA provides written concurrence in award of contract (or rejection of bids). A copy of Form 45 is filled out and sent to FHWA headquarters in Washington D.C.
19. The Implementing Agency awards the project and furnishes the Department Project Manager with a conformed copy of the contract bond and "Detail Estimate" (with work Improvement Type codes). The Department Project Manager forwards this to the FHWA.

Requirements to Proceed With Project Component

The Implementing Agency may proceed with the Project component when:

1. The Federal Authorization to Proceed is received and
2. The Implementing Agency has either submitted a letter of intent to use Government Code 14529.17 (Attachment B) or received an allocation of STIP funds and
3. A Cooperative Agreement is executed if the Department is not the Implementing Agency and
4. The OSE has given approval to start construction (this applies only to the start of work on the construction component).

Attachment E is a sample Notice of Federal Authorization to Proceed.

Requirements to receive payment

The Department cannot reimburse the Implementing Agency for its expenses until the Implementing agency has met the requirements to proceed with the Project component and the Implementing Agency has received an allocation of STIP funds.

Attachment F is a sample component approval letter.

AB3090

Government Code 14529.7, often referred to as AB3090, allows local agencies to use their own funds to deliver STIP projects ahead of schedule and then get paid back through an allocation by the Commission in the programmed year. The conditions for this action are outlined on the Internet at <http://www.dot.ca.gov/hq/transprog/stip> . Once the local agency receives CTC approval for an allocation, the Department will withhold the quality assurance funds, as described in the “Cooperative Agreement” section of this document.

Delivering each Project Component

General information for all components

The Implementing Agency is responsible for ensuring that its staff, consultants and contractors comply with applicable State and Federal laws, regulations, policies procedures and with the Cooperative Agreement.

Project Development Team

It is advisable for the Implementing Agency Project Manager to hold a PDT meeting before the start of work on each component and regularly thereafter. The purpose of the initial meeting is to establish and affirm lines of communication and to ensure that all PDT members have a common understanding of the project goals and of their respective roles. A *Project Charter* is a useful tool for recording this common understanding. If the Department is the Implementing Agency, a Project Charter will be used.

Other Departmental Sources of Information

The *Project Development Procedures Manual* provides guidance for developing a State Highway project. It is on the Internet at <http://www.dot.ca.gov/hq/oppd/pdpm/pdpmn.htm> .

The Department’s *Local Assistance Procedures Manual* provides Implementing Agencies with extensive information on how to comply with Federal requirements. It also contains many useful forms. It is on the Internet at <http://www.dot.ca.gov/hq/LocalPrograms/lam/lapm.htm> .

The Department uses a standard *Work Breakdown Structure (WBS)* for planning and managing its project workload. This is described in the *Guide to the Project Delivery Work Breakdown Structure*. In that *Guide*, the Department provides a list of reference documents for each element of work that might be required on a State Highway project. It is on the Internet at <http://www.dot.ca.gov/hq/projmgmt/guidance.htm> .

All highway design work on State Highway projects must satisfy the standards in the Department's *Highway Design Manual*. It is on the Internet at <http://www.dot.ca.gov/hq/oppd/hdm/hdmtoc.htm>.

Civil Rights and Disadvantaged Business Enterprises (DBE)

The Implementing Agency shall comply with Federal DBE requirements and Title VI of the Civil Rights Act. See Chapter 9 of the *Local Assistance Procedures Manual*.

Consultant Selection

Consultant Selection shall comply with State and Federal Law. See Chapter 10 of the *Local Assistance Procedures Manual*.

Specific information for each component

PA&ED

See Chapters 10 to 13 of the *Project Development Procedures Manual*. In addition, Chapters 6 to 8 of the *Local Assistance Procedures Manual* provide useful forms and templates, particularly with reference to Federal processes.

If the Department is not the Implementing Agency for PS&E, it is desirable for the PA&ED mapping and plans to be developed with software that is compatible with the drafting and design software used by the Department. This will allow the Department's designers to use the PA&ED products. If incompatible software is used in PA&ED, the programmed amount for PA&ED should include an allowance for the preparation of new mapping that is compatible with the Department's software. This will increase the cost of PA&ED and extend the time needed to complete PA&ED.

PS&E

See Chapter 14 of the *Project Development Procedures Manual*. In addition, Chapters 11, 12 and 15 of the *Local Assistance Procedures Manual* provide useful forms and templates, particularly with reference to Federal processes.

If the Department is not the Implementing Agency for Construction, the PS&E must be developed with software that is compatible with the drafting software used by the Department. This will allow the Department's Office Engineer to use the PS&E products when advertising the construction contract.

If the plans include a sign listing the sources of project funding, it shall use Standard Plan Sign T7 unless the Department approves an alternate sign.

Right of Way

See the *Right of Way Manual*. In addition, Chapters 13 and 14 of the *Local Assistance Procedures Manual* provide useful forms and templates, particularly with reference to Federal processes.

Construction

See the *Construction Manual*. In addition, Chapters 16 and 17 of the *Local Assistance Procedures Manual* provide useful forms and templates, particularly with reference to Federal processes. The Implementing Agency is responsible for all aspects on construction administration, including close-out activities such as the settlement of construction claims, arbitration, and the preparation of as-built plans.

If the Department is not Implementing Agency, the Department will assign an OSE to verify that the Implementing Agency is completing their responsibilities. The Department's Division of Construction has issued *Oversight Engineer Field Guidelines* to the OSEs.

The Commission has asked the Department to report on every project that has received an allocation of funds for construction, but has not been awarded within six months. To enable the Department to make this report, the Implementing Agency submits a Notification of Contract Award (Attachment H). If the Department is the Implementing Agency, the Department's Office Engineer provides this notification.

On Full Oversight projects, the FHWA inspects the project in the field or through records at various times while it is under construction, and upon receiving the department's final voucher for funding, and after construction completion. Phase, inspections, inspections-in-depth and process reviews are included at the FHWA Engineer's discretion.

The Implementing Agency furnishes the OSE with hardcopies of all Contract Change Orders (CCOs). The OSE forwards these to FHWA for determination of participation. On Full Oversight projects, the FHWA provides prior approval for all major CCO's. The FHWA reviews, and signs all CCO's after determining participation, including any time extensions and claims.

If a sign is erected to show the sources of project funding, it shall use Standard Plan Sign T7 unless the Department approves an alternate sign.

Invoices

If the Department is not the Implementing Agency, the Implementing Agency submits invoices in accordance with the Cooperative Agreement. If the Cooperative Agreement does not specify an invoice format, the Implementing Agency should use the appropriate form from Chapter 5 of the *Local Assistance Procedures Manual*. Attachment G is a sample invoice.

Close-Out of each Component

The products listed below are required on all State Highway projects, without regard to which agency is the Implementing Agency.

PA&ED

At the completion of PA&ED the Implementing Agency provides the Department with a set of project documents filed in accordance with the Uniform Filing System (Chapter 7 of the *Project Development Procedures Manual*).

If the Implementing Agency has used consultants to perform part of the work and the consultant contracts are complete, the Implementing Agency submits a final report on the Utilization of DBEs (see Chapter 17 of the *Local Assistance Procedures Manual*).

PS&E

At the completion of PS&E the Implementing Agency provides the Department with a set of project documents filed in accordance with the Uniform Filing System (Chapter 7 of the *Project Development Procedures Manual*).

If the Implementing Agency has used consultants to perform part of the work and the consultant contracts are complete, the Implementing Agency submits a final report on the Utilization of DBEs (see Chapter 17 of the *Local Assistance Procedures Manual*).

If the Department is not the Implementing Agency for Construction the plans must be submitted in an electronic format that is compatible with the drafting software used by the Department.

Right of Way

At the completion of Right of Way the Implementing Agency provides the Department with:

- A Report of Completion of Right of Way Expenditures (see Chapter 17 of the *Local Assistance Procedures Manual* and *Guidelines for Local Agency Involvement in Right of Way Acquisition and Delivery of Projects on the State Highway System*)
- A parcel list, monumentation map (Record of Survey) and final right of way Record Maps with electronic files.
- Certification of relinquishments, vacations, director deeds and all other final clearance and conveyance documents, maps and supporting data required for the project.

Construction

At the completion of Construction the Implementing Agency provides the Department with:

- As-built plans and other records in accordance with the Cooperative Agreement and as required by the OSE.
- A Report on changes in Horizontal and Vertical Clearances and Bridge Permit Ratings
- A Federal Report of Expenditures with its attachments (see Chapter 17 of the *Local Assistance Procedures Manual*)
- A Final report on the Utilization of DBEs (see Chapter 17 of the *Local Assistance Procedures Manual*)

- A close-out package, consisting of a Project Final Record Estimate, Material Certification, PR 47 (Statement of Material and Labor) and any other charges to project (i.e.: Director Days, Dispute Review Board, Arbitration, etc.)

The FHWA close-out process for “Full Oversight” projects consists of six steps:

1. The Department Project Manager forwards the close-out package to the FHWA.
2. The FHWA does a Final Inspection of the project at or prior to receipt of a “close-out package.
3. The FHWA Engineer completes a Project Final Acceptance Report (FA) on Form 1446A. FHWA Engineer uses Final Acceptance checklist to assure correct documentation is in files. FHWA Engineer sends copy of PR 47 to FHWA HQ’s. Any ineligible costs and/or liquidated damages not already addressed in the FA (per FHWA determination) are documented on a Federal-aid Ineligible Notice (FIN –pink slip).
4. The FHWA Engineer adds applicable information into Project Tracking system throughout the life of project.
5. The FHWA Engineer furnishes copy of Final Acceptance Report (and FIN as applicable) to FHWA Finance to allow payment of final voucher.
6. FHWA Finance alerts the FHWA Engineer that Project records (Pre and Post) are being sent to archives.

Retention of Records

Title 49 United States Code of Federal Regulation section 18.42, requires that records be maintained for three years after FHWA’s final voucher reimbursement or after the period of litigation, whichever is later. The final voucher represents the final claim submitted by the Department to FHWA for completed projects. The final voucher process is done through the Department’s Division of Accounting. In addition, it would be appropriate to retain project records on warranty projects so long as the warranty period is in effect or for three years after final voucher reimbursement, whichever is later.

Attachments

Attachment A – Sample Request for Authorization/Allocation of Funds

Local Agency Letterhead

To: (Department Project Manager)
Date: _____
District _____ (EA Number)
California Department of Transportation (Federal Number)
Office of _____ (PPNO Number)
P.O. Box _____ Project Description
_____, CA _____

Dear (Department Project Manager's Name):

In order to begin reimbursable work on (Component) for the above project, we request that you secure Federal authorization and obligate funds for this work. The amounts requested do not exceed the Federal funds provided to this agency in the approved Federal TIP/Federal Statewide TIP (FSTIP) for this component.

We also request a formal recommendation to the California Transportation Commission to allocate the funds for the above component of work at the (Commission meeting date).

The estimated expenditure deadline for this allocation is (Enter June 30th of the end of the second fiscal year after the requested approval date.) **Expenditures after this date will not be reimbursed and no adjustment will be made to the county share balance for any unspent funds unless the Commission extends the deadline.**

Attached are the following documents that are required to authorize this component:

Request for Authorization Package

☐ Completed Finance Letter

Project Initiation Document

☐ Approved PSR or PSR/PDS
☐ Approved Project Report

Environmental Document

- ☐ FHWA Approved NEPA Environmental Document (required if requesting PS&E, R/W or Construction funds with State STIP Matching funds) (copy of FHWA approval attached)

FHWA Original Approval Date _____

FHWA Re-evaluation Date, if applicable _____

- ☐ R/W Certification (required if requesting Construction funds) (copy attached)

I understand that invoice requests for payment will not be processed until a Cooperative Agreement has been executed and the expenditure authorization (EA) has been master filed.

- ☐ I plan to request reimbursement and invoicing for costs as incurred back to the beginning of the State's current Fiscal year, July 1, 20XX being that Project was approved in the FSTIP on Date, which was before the beginning of the current fiscal year XX/XX.
- ☐ I plan to request reimbursement and invoicing for costs as incurred back to the date on which the Project was approved in the FSTIP being that the FSTIP approval date is after the beginning of the current fiscal year XX/XX.

CERTIFICATION

I certify that the facts and statements in this "Request for Authorization Package" are accurate and correct. This Agency agrees to comply with the applicable terms and conditions set forth in Title 23, U.S. Code, Highways, and the policies and procedures promulgated by the Federal Highway Administrator, the California Department of Transportation and the California Transportation Commission relative to the above designated project.

I understand that each component of the project will require a separate authorization to be eligible for Federal reimbursement. I further understand that this Agency is responsible for costs in excess of the Federal funds obligated and all costs incurred before it has received FHWA "Authorization to Proceed" for that component of the project.

Please advise us as soon as the authorization has been received. You may direct any questions to (Name _____) at (phone number _____).

Signed _____
Title _____
Agency _____

Attachments

Attachment B – Sample Notice of intent to begin work before receiving a STIP allocation

Local Agency Letterhead

To: (Department Project Manager)
(address)

Date:

Subject: AB 872 Notification of the Start of Reimbursable Work Prior to Allocation

The (local agency name) hereby notifies the California Department of Transportation (Caltrans) that work will begin on _____ (a date not to exceed 12 months prior to the expected allocation date), for the following project:

PROJECT PROGRAMMING NUMBER (PPNO): _____

PROJECT COMPONENT(S), PROGRAMMED AMOUNT(S), AND PROGRAM YEARS INCLUDED IN THIS NOTIFICATION

PROJECT DESCRIPTION :

Choose one of the following two paragraphs:

Federal funds are involved for this project. The “Request for Authorization to Proceed” package is included as an attachment to this notification (or: was submitted to the district on _____, or: will be submitted to the district by _____).

State-only funds are approved for this project pursuant to the current “Project Funding Policy” (or: pursuant to an exception granted on _____).

In beginning reimbursable work prior to allocation, (local agency name) understands that reimbursements will be made by the state, subject to annual appropriation by the Legislature, if all the following conditions are met:

- The California Transportation Commission (CTC) makes an allocation for, and Caltrans executes a Cooperative Agreement for the project.
- Expenditures made by the local agency are eligible for reimbursement in accordance with state and Federal laws and procedures. In the event that expenditures made by

the local agency are determined to be ineligible, the state has no obligation to reimburse those expenditures.

- The local agency complies with all legal requirements for the project, including, but not limited to, authorization by the Federal government, if required, and the requirements of the California Environmental Quality Act (Division 13, Section 21000) of the Public Resources Code.

Signature of Local Agency Representative

Attachment C – Sample CTC Allocation Request

Department's Memorandum Form

To : MS. NORMA ORTEGA
Chief, Division of Budgets

Date: Date

File: District-County-Route KP
EA: XX-XXXXXX
Federal Proj. No. XXXXX
(Indicate "E" or "N")
PP No. XXXX

Attention: Capital Budgets Allocation Branch
Code 20.20.075
Local Capital Outlay XXXX/XX FY

From : **DEPARTMENT OF TRANSPORTATION**
District (number) - Division of Program/Project Management

Subject: Request for Funds:

I recommend that Budgets submit a request to the California Transportation Commission to vote \$XXX,XXX for (Component) for this Regional Improvement Programmed project. The (LOCAL AGENCY) is programmed to be the implementing agency to deliver this component of the project.

The project is described as:

Description: The construction of a

Type of Work: This component of the project is to fund the.....

Need for Project/Proposed Improvements:

A new interchange.....

Performance Indicators: Not applicable for funding local capital outlay for development component work

Prior Approvals:

This component of the project is programmed in the (Year) State Transportation Improvement Program for \$XXX,XXX.

Status of Project:

- A. The Project Study Report (Project Development Support) was approved (DATE). The Report provides the basis for programming the PA&ED components of the project. The Project Report will serve as the appropriate document from which the remaining components will be programmed
- B. (Component) has been programmed in the (XX/XX) fiscal year and the (LOCAL AGENCY) is the implementing agency for this component of the project. (If applicable) The remaining balance for long range planning for funding support and capital construction are shown in CTIPS as (UNFUNDED NEEDS OR FUNDED IN FY XX/XX).
- C. (If applicable) Right of way is planned to be certified by (DATE).
- D. The Cooperative Agreement to cover quality assurance for this component of the project is planned to be signed by the (LOCAL AGENCY) by (DATE).
- E. This project is included in the current FSTIP. It is identified by (CTIPS ID or MPO ID) and is programmed in fiscal year XX/XX.
- F. Federal-Aid Status:
- This project is eligible for Federal participation.
- G. This project (is / is not) categorically exempt.

Advertising Date:

The project is planned to be advertised in (DATE).

Completion Date:

This project is scheduled to be completed by (DATE).

If you have any questions or need additional information, please contact the Department Project Manager, (NAME), at 8-XXX-XXXX.

APPROVAL RECOMMENDED:

(NAME)
Deputy District Director
For Program and Project Management
District (number)

Attachment D – Typical conditions for Local Agencies to Advertise, Award and Administer Full Oversight Projects

Project is hereby authorized under AAA by local agency (named), approved by FHWA and Department on (date), with the following conditions and acknowledgements: (for full oversight)

- Normal requirements of the federal-aid project agreement (23 CFR 630A).
- Detail estimate will be prepared and submitted to FHWA in hard copy.
- Executed cooperative agreement(s) and encroachment permit(s) will be submitted to FHWA.
- The executed contract and final PS&E will be submitted to FHWA.
- All contract documents involving cost, time, or agreement with the contractor for cost/time, including contract plans and specifications, shall bear the federal-aid project number (as above).
- Contract addenda issued by the local agency are subject to approval by Caltrans and FHWA in accordance with existing procedures.
- Updated federal prevailing wage rates shall be incorporated into the contract and made a binding provision thereof.
- Caltrans will furnish name and contact information for the oversight engineer in responsible charge prior to the commencement of construction
- The provisions of the FHWA June 12, 2003 letter are unchanged by this PS&E approval or construction authorization.

Attachment E – Sample Notice of Federal Authorization to Proceed

Department's Letterhead

Date: Month, Day, Year

District-County-Route

PM from/to

PPNO: XX - XXX

EA: XX-XXXXX

Federal Project Number XXXXXXXXXXXX

Project Description

District Agreement No. XX-XXXX

To: Name and Title

Local Agency Address

Dear XXXXXXXXXX:

In response to your letter dated XXXX XX, XXXX, Request for Authorization/Allocation of Funds, in which the (Local Agency name) requested that Federal Authorization be secured so the (City/County/Agency) could obligate funds for the (Preliminary Engineering/Construction/Right of Way) work associated with the above project.

The date established for Federal reimbursement of (PE/Construction/RW) cost is XXXXX XX, XXXX and is based on the following actions that have taken place:

- Project was approved in the FTIP on **Date**.
- E-76 for Right of Way was approved on **Date** / E-76 for Construction and Construction Engineering was approved on **Date**.

EITHER (FULL OVERSIGHT):

For construction, the Department requested and received, on behalf of the local sponsor, approval for delegated authority to advertise, award and administer (AAA) the construction contract, subject to FHWA Full Oversight and those conditions noted herein.

OR (STATE AUTHORIZED):

The Department has authorized the local agency to advertise, award and administer (AAA) the construction contract, utilizing federal funding assistance, subject to cooperative agreement(s) and encroachment permit(s) as applicable.

Please note the federal-aid project number which appears above is to be placed on and appear on all contract documents, including those which pertain to agreement with the prime contractor or joint-venture for cost, time, or both.

The [Local Agency] should not submit an invoice for reimbursement until an allocation is made by the California Transportation Commission and a Cooperative Agreement is executed. When the agreement is executed, the (City/County/Agency) will be instructed how to invoice for reimbursement of eligible costs.

(If applicable) The (City/County/Agency) is cautioned to only work on Federally eligible right of way activities that are allowed during the PE phase of work prior to National Environmental Protection Act (NEPA) clearance such as:

- Preparing Route Estimate Maps.
- Preparing Route Estimates.
- Preparing Right of Way Data Sheets.
- Preparing Housing Studies.
- Verifying Utility Facilities (including "potholing").

If you have any questions, please give me a call at (XXX) XXX-XXXX

Sincerely,

XXXXXX XXXXX
Department Project Manager

Enclosures
(Attach a copy of the E-76)

Attachment F – Sample Component Approval

Department's Letterhead

Date: Month Day, year

Dist #-County-Route

PM from/to

PPNO: XX-XXXXX

EA: XX-XXXXX

Federal Project Number XXXXXXXX

Project Description

District Agreement No. XX-XXXX

To: Name and Title

Local Agency Address

Dear XXXXXXXXXX:

This is a follow up to our letter dated, xxxx xx, xxxx, notifying you of your Federal authorization to proceed with (preliminary engineering/construction/right of way).

The California Transportation Commission allocated funds on (Date) and a Cooperative Agreement was executed on (Date). You may now begin invoicing the Department. The following information must be included on each invoice per the attached Sample of "STIP Project" Federal Invoice:

- Prefix-Project Number (Fed. Agreement Number) is xxxxxx
- Project Expenditure Authorization Number is xxxxxxxx
- Mail invoice to (name / function) (address)

The accounting and invoicing for reimbursement will follow the procedures outlined in the Local Assistance Procedures Manual, Chapter 5. The exception to the Local Assistance invoicing process is the invoice will be mailed to (name / function) and invoices will be processed by the Department's Office of Accounts Payable.

(If applicable) The (City/County/Agency) is cautioned to only work on Federally eligible right of way activities that are allowed during the PE phase of work prior to National Environmental Protection Act (NEPA) clearance such as:

- Preparing Route Estimate Maps.

- Preparing Route Estimates.
- Preparing Right of Way Data Sheets.
- Preparing Housing Studies.
- Verifying Utility Facilities (including "potholing").

If you have any questions, please give me a call at (XXX) XXX-XXXX.

Sincerely,

XXXXXX XXXXX

Department Project Manager

Attachment: Copy of the E-76

Attachment G – Sample Invoice

Local Agency Letterhead

Date of Invoice

(Designated person)

Department of Transportation

District 3

Office of Special funded Projects

P.O. Box 911

Marysville, CA 95901-0911

Billing No: 1,2..., to Final

Invoice No: Local Agency's Invoice No.

Federal-aid Project No: xxxxxx

Tax Identification No: Agency IRS ID Number

Date Project Accepted by City/County: Final Date or "Ongoing" if not Final

Project Location: Project Limits

Project Expenditure Authorization: xxxxxxxxxxxxxxxx

Reimbursement for Federal funds is claimed pursuant to Cooperative Agreement No.

Number executed on **Date**.

	Environmental Studies & Permits	PS&E	Construction Engineering	Construction
Federal Appropriations Code	Q24/33D	Q24/33D	Q24/33D	Q24/33D
Federal Authorization Date	5/12/99	5/12/99	6/10/99	6/10/99
Federal participating costs from	5/15/99	6/15/99	6/15/99	6/15/99
To	8/15/99	8/15/99	8/15/99	8/15/99
Total Indirect Costs to Date	\$825.00	\$1,865.50	\$2,690.50	-----
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00
Less: Retention	-----	-----	-----	(20,000.00)*
Liquidated Damages	-----	-----	-----	0.00**
Non-participating Costs	<u>(350.00)</u>	<u>(840.00)</u>	<u>(1,200.00)</u>	<u>(16,000.00)</u>
Total Federal Participating Costs to Date	\$4,475.60	\$9,425.80	\$9,780.50	\$114,652.00
Less: Participating Costs on previous invoice	<u>\$2,120.95</u>	<u>\$6,350.20</u>	<u>0.00</u>	<u>\$98,231.00</u>
Change in Participating Costs	\$2,354.65	\$3,075.60	\$9,780.50	\$16,421.00

Implementing Agency Responsibilities for STIP Projects on State Highways

Revised February 11, 2004

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Reimbursement Ratio	88.53%	88.53%	88.53%	88.53%
Amount of this claim	<u>\$2,084.57***</u>	<u>\$2,722.82***</u>	<u>\$8,658.67***</u>	<u>\$14,537.51***</u>

TOTAL INVOICE AMOUNT **\$28,003.57**

INDIRECT COST CALCULATION

Environmental Studies & Permits Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base	\$1944.00	\$673.82
Expense		
Approved indirect cost rate	31%	33%
Subtotal ****	\$602.64	\$222.36
Total Indirect Costs To Date for Environmental Studies & Permits <u>\$825.00</u> (this Amount is carried to the front of the invoice under the Environmental Studies & Permits column)		

PS&E Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base	\$4756.23	\$1185.07
Expense		
Approved indirect cost rate	31%	33%
Subtotal ****	\$1474.43	\$391.07
Total Indirect Costs To Date for PS&E <u>\$1865.50</u> (this Amount is carried to the front of the invoice under the PS&E column)		

Construction Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base	\$6000.00	\$2516.67
Expense		
Approved indirect cost rate	31%	33%
Subtotal ****	\$1860.00	\$830.50
Total Indirect Costs To Date for Construction Engineering <u>\$2690.50</u> (this Amount is carried to the front of the invoice under the Construction Engineering column)		

I certify that the work covered by this invoice has been completed in accordance with approved plans and specifications; the costs shown in this invoice are true and correct; and the amount claimed, including retention as reflected above, is due and

Signature, Title and Unit of Local Agency Representative Phone No.

Name	Phone No.
------	-----------

- Note: For R/W acquisition use *Local Assistance Procedures Manual* Exhibit 5-D.

Attachment H – Sample Notification of Contract Award

Local Agency Letterhead

To: Chief, Office of CTC Liaison Division of Transportation Programming California Department of Transportation 1120 N Street, Mail Station 82 Sacramento, CA 95814	Date: _____ (EA Number) (Federal Number) Project Description
---	---

The construction contract for STIP project number (PPNO Number) in Caltrans District (Number) was awarded on (date). You may direct any questions about this project to (Name) at (phone number).

Signed _____
Title _____
Agency _____

Cc: (Department Project Manager)